



Rx: Health Care FYI #51

Subject: *Building a Strong Workforce by Improving Mental Health Treatment*
From: *Rep. Tim Murphy (PA-18)*
Date: *March 13, 2007*

The problem: Untreated mental illness increases the cost of other medical care several fold. Although mental illness can be diagnosed and treated effectively, societal stigmas, and limited coverage of mental health treatment prevents many from seeking appropriate treatment. Without integrating the care of the body with the treatment of the brain our current system is wasting billions of dollars.

Costs of Untreated Mental Illness: Untreated mental illness can cost up to \$300 billion annually. This includes \$150 billion from lost work days and premature death, \$70 billion in emergency care and \$80 billion from other costs such as the criminal justice system.¹ An estimated 35 million Americans - 16% of the population - will suffer from depression serious enough to require treatment some time in their lives.² Untreated depression can increase the costs of other chronic illnesses several fold (such as heart disease and diabetes).

Untreated depression is costing employers money:

- In 2000, employers spent \$26.1 billion dollars in direct medical costs to treat depression, however the indirect costs — including lost productivity — were \$51.5 billion dollars.³
- Researchers have estimated losses in productivity due to depression of up to 19.6%.⁴
- Estimates of how many days are missed by workers with untreated depression are up to 50 days a year.⁵
- Most studies find a 40%-55% reduction in absenteeism with treatment of depression.⁶

Appropriate treatment of depression saves employers money:

- Employers invest money in recruiting, training and retention of employees. Employees also hold further value in the workplace with their experience and institutional knowledge. When employees suffer from untreated depression they cannot work at

¹ American Psychiatric Association. Public Policy. May 1999.

² R. C. Kessler et al. The Epidemiology of Major Depressive Disorder: Results for the National Comorbidity Survey Replication (NSC-R). Journal of the American Medical Association, 289 (2003): 23, 3095-3105.

³ P.E. Greenberg et al. The Economic Burden of Depression in the United States: How Did it Change Between 1990 and 2000. Journal of Clinical Psychiatry, 64 (2003): 1465-75.

⁴ D. Lerner, W. Rogers, H. Chang, Tufts-New England Medical Center and The National Opinion Research Center : D. Lerner, D.A. Adler, H. Chang, et al. Unemployment, Job Retention and Productivity Loss Among Employees With Depression. Psychiatric Services, 55 (2004):12, 1371-1378.

⁵ G.E. Simon, W. Katon, C. Rutter, et al. Impact of improved depression treatment in primary care on daily functioning and disability. Psychological Medicine, 28 (1998): 693-701. : A.J. Claxton, A.J. Chawla, S. Kennedy. Absenteeism among employees treated for depression. Journal of Occupational and Environmental Medicine, 41 (1999): 605-11.

⁶ G.E. Simon, W. Katon, C. Rutter, et al. Impact of improved depression treatment in primary care on daily functioning and disability. Psychological Medicine, 28 (1998): 693-701. : R.C. Kessler, C. Barber, H.G. Birnbaum, et al. Depression in the workplace: Effects on short-term disability. Health Affairs, Sept/Oct 1999, 163-171. : W.F. Stewart et al. Cost of lost productive work time among US workers with depression. Journal of the American Medical Association, 289(2003): 23, 3135-3144.

- optimum level, reducing productivity and increasing risk for other medical problems, injuries and workers comp claims.
- One study reported that when depression management was included in their health plans productivity increased over 6 percent and absenteeism declined 28 percent with a savings of \$2,601 per each depressed employee.⁷
 - A study of integrated care for federal employees found three federal plans significantly reduced out-of-pocket spending.⁸
 - The National Institute of Mental Health (NIMH) reported results from dozens of studies which revealed that providing a minimal level of enhanced care for employees' depression would result in a cumulative savings to employers of \$2,898 per 1,000 workers over 5 years. In addition, savings from reduced absenteeism and employee turnover of the intervention began to exceed the costs of the program by the second year, yielding a net savings of \$4,633 per 1,000 workers.⁹

Offering mental health care to employees improves the bottom line:

- AT&T, American Airlines, IBM and PepsiCo are among those companies who have found mental health care is good for employees and good for the economics of business.¹⁰
- Pittsburgh Plate Glass Industries (PPG) of Pittsburgh, PA worked to educate their workforce about depression and improve coordination of their employees' mental health care. 62% of employees at PPG stated that their work was improved as a result of receiving counseling, 87% of employees said that their functionality at home was improved and 14% stated they would have missed up to four days at work if they had not received treatment.

Recommendations:

- Inform employers of the cost benefits of mental health insurance coverage. Although compassion is reason alone, data tracking mental health outcomes continue to show dramatic cost benefits for both the direct and indirect costs.
- Update the Mental Health Parity Act of 1996 to allow employers to eliminate the barriers (unequal day and visit limits, unequal co-insurance/co-payments, maximum out of pocket expenses) for employees to improve the quality of mental health treatments available and reduce untreated mental illness costs for employers.
- Report to the Congress the costs savings achieved by employers offering equal medical and psychological health care to their employees. Calculate the cost savings these programs provide by reducing public health care spending (Medicare, Medicaid, Justice programs).
- Encourage employers to increase screening for depression among their employees to decrease costs, reduce absenteeism and improve productivity.

⁷ Rost, Kathryn, Ph.D., The Effect of Improving Primary Care Depression Management on Employee Absenteeism and Productivity. Medical Care. Pg. 1202-1210. Volume 42, Number 12, December 2004.

⁸ Goldman, Howard. Et. Al. Behavioral Health Insurance Parity for Federal Employees. The New England Journal of Medicine. March 30, 2006.

⁹ Wang PS, Patrick A, Avorn J, Azocar F, Ludman E, McCulloch J, Simon G, Kessler R. The costs and benefits of enhanced depression care to employers. Archives General Psychiatry. 2006 Dec;63(12).

¹⁰ Apgar, Kristen. LARGE EMPLOYER EXPERIENCES AND BEST PRACTICES IN DESIGN, ADMINISTRATION, AND EVALUATION OF MENTAL HEALTH AND SUBSTANCE ABUSE BENEFITS. Washington Business Group on Health. March 2000.

- Increase outreach among employers to educate their workforce on the benefits of receiving mental health treatments.